

# Public Hearing

<b>Agenda Item #</b>	2
<b>Meeting Date</b>	5/10/04
<b>Prepared By</b>	Catherine Waters City Clerk / Treasurer
<b>Approved By</b>	Richard M. Finn, City Manager

<b>Discussion Item</b>	Constant Yield Tax Rate
<b>Background</b>	<p>Pursuant to Maryland State Law, the constant yield tax rate is calculated by the Department of Assessments and Taxation for each taxing authority in the State. It represents the property tax rate for the coming tax year that will generate the same amount of revenue that was generated during the current tax year. As assessments increase, the constant yield tax rate decreases. Implicit in this concept is the idea that <i>a tax rate at or below the existing tax rate is a tax increase if it is higher than the constant yield tax rate</i>. When a taxing authority plans to impose a tax rate that is higher than the constant yield tax rate, it must advertise the tax increase and hold a public hearing. If the taxing authority plans to set a tax rate at the current level, but above the constant yield tax rate, it must be advertised and a hearing must be held.</p> <p>The real property tax rate must be set at the constant yield tax rate hearing, OR at a later time if announced at the time of the hearing. The tax rate is adopted as part of the overall budget.</p> <p>Notice of the Constant Yield Tax Rate public hearing was published in the May 2004 edition of the City's <i>Newsletter</i>.</p>
<b>Policy</b>	The City Council provides notice and holds a public hearing as required by State law.
<b>Fiscal Impact</b>	The City proposes to adopt a real property tax rate of \$0.660 per \$100 of assessed real property. This rate is 11.3% higher than the constant yield tax rate and will generate \$687,973 in additional property tax revenues.
<b>Attachments</b>	Official notice of public hearing and proposed property tax increase.
<b>Recommendation</b>	Conduct public hearing.
<b>Special Consideration</b>	

**CITY OF TAKOMA PARK NOTICE  
OF A PROPOSED  
REAL PROPERTY TAX INCREASE**

The City Council of the City of Takoma Park proposes to increase real property taxes.

1. For the tax year beginning July 1, 2004, the estimated real property assessable base will increase by 11.2%, from \$928,230,279 to \$1,032,468,640.
2. If the City of Takoma Park maintains the current tax rate of \$0.660 per \$100 of assessment, real property tax revenues will increase by 11.2% resulting in \$687,973 of new real property tax revenues.
3. In order to fully offset the effect of increasing assessments, the real property tax rate should be reduced to \$0.593, the constant yield tax rate.
4. The City is considering not reducing its real property tax rate enough to fully offset increasing assessments. The City proposes to adopt a real property tax rate of \$0.660 per \$100 of assessment. This tax rate is 11.3% higher than the constant yield tax rate and will generate \$687,973 in additional property tax revenues.

A public hearing on the proposed real property tax rate increase will be held at 7:30 p.m. on Monday, May 10, 2004, in the Council Chambers of the Municipal Building at 7500 Maple Avenue, Takoma Park, Maryland.

The hearing is open to the public, and public testimony is encouraged.

Persons with questions regarding this hearing may call Catherine Waters CMC, City Clerk/Treasurer at 301-891-7206 for further information.